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HB 282

Statement of PPL Montana
Before the Natural Resources Committee
Of the Montana House of Representatives
In Opposition to House Bill 282
February 2, 2007

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Mr. Chairman and members of the Committee:

I am Mark Lambrecht, Manager of Regulatory Affairs for PPL Montana.

PPL Montana believes it is important to develop options for the continued use of Montana's coal resources in environmentally responsible ways. The coal resources we have can make Montana a vital component of a reliable and secure energy future for the country.

For owners of fossil-fuel power plants like PPL Montana, technology is an essential consideration. However, there is no reliable cost-effective technology available for use today that can capture and remove carbon dioxide from power plant emissions. CO2 capture is a relatively new concept in power generation. Several technologies are being studied to capture and dispose CO2 from coal-fired electrical generating facilities. However, no full-scale demonstrations have yet been installed on pulverized coal power plants and simulated installations identified significant challenges that need to be addressed.

These technologies would reduce the overall efficiency of coal-fired power plants by about 30 percent—corresponding to a significant loss of power production. In addition, balance of plant implications and capital, operations and maintenance costs would need to be evaluated. One study conducted by the Idaho National Laboratory estimates installing CO2 capture technologies at coal-fired power plants would require CO2 to cost $40-$60 per ton for a plant to break even. Operating costs, transport and sequestration would represent significant additional expenses. CO2 is currently trading for less than $4/ton on the Chicago Climate Exchange.

HB 282 would require coal-fired electrical generation facilities to offset 100 percent of their C02 emissions. Even if technologies to capture C02 from flue gas were feasible and available, they would not capture 100 percent of a plant's emissions—requiring significant offsets and/or trading of carbon credits. Offset and trading programs are being developed but are a long way from offering realistic solutions to this issue.

Climate change is a global issue that requires national and international programs to promote new power generation technologies, renewable energy, improved energy efficiency, energy conservation and carbon sequestration. Organizations involved in these activities—such as the Big Sky Carbon Sequestration Partnership (of which PPL Montana is a member) are making significant gains in understanding and addressing climate change. However, realistic solutions for electrical generating facilities are still years away from availability. Authorizing the Montana Board of Environmental Review to establish rules and permit requirements for CO2 capture, transportation and storage before they are technologically feasible is premature and inappropriate.

This legislation deserves a "do not pass" recommendation from the Committee.

Thank you for the opportunity to comment.